



HealthStream's Learning Solutions Selected by Bon Secours Health System

Initial rollout of HealthStream Learning Center to 9,700 hospital-based healthcare professionals will begin in August

NASHVILLE, Tenn.—(BusinessWire)—August 5, 2004—HealthStream, Inc., the leading provider of learning solutions for the healthcare industry, today announced that it has been selected by Bon Secours Health System (BSHSI) to provide learning solutions to its employees, with a three-year contract signed by both parties. The HealthStream Learning Center[®], HealthStream's online learning platform, will be initially rolled out to approximately 9,700 healthcare professionals in four local systems, beginning in August, 2004. At the same time, Competency Compass[™], HealthStream's performance assessment and management software application, will be rolled out to approximately 20 percent of these healthcare professionals.

"With HealthStream's enterprise-class learning platform, I am confident that we are well positioned to advance our organization to the next level of educational excellence. The completeness of their learning solution, matched with their healthcare expertise, made our decision to transition to the HealthStream Learning Center an obvious move in the right direction for BSHSI," said David Jones, VP-HR for Bon Secours Health System.

By selecting the HealthStream Learning Center, Bon Secours managers will be empowered to author online courses, assign courses, create pre-tests and post-tests for courses, and create and print employees' course completion reports. Along with self-published courses, managers may choose from a wide range of HealthStream-delivered courseware for their students. From HealthStream's extensive online library, Bon Secours chose core regulatory courses—as required by JCAHO and OSHA, corporate compliance courses—including HIPAA training, and core competency courses on a wide range of clinical and professional skills.

In addition to the numerous benefits that will be gained by training on HealthStream's online platform, the facilities that comprise the Bon Secours Health System will utilize Competency Compass to identify, assess, and track employee competencies. As a "first-in-the-industry" comprehensive solution for hospitals, Competency Compass will provide Bon Secours Health System with a powerful, innovative tool for workforce development, performance management, and succession planning.

Through Competency Compass, HealthStream offers the industry's first and only competency dictionary for hospital-based staff, which includes over 1,200 clinical and non-clinical positions. Once hospital managers have assessed their staff's competencies through Competency Compass, areas for improvement can be mapped to the specific clinical content needed. To fulfill these needs, HealthStream offers an extensive online library of clinical courseware from leading medical publishers, including an exclusive nursing skills series from Pearson Prentice Hall. HealthStream's workforce development approach offers Bon Secours Health System a complete solution for their workforce development.

"We are pleased to be selected by health systems of the high caliber represented by Bon Secours Health System. Our focus on offering our customers a complete learning solution that meets the needs of enterprise-level organizations differentiates HealthStream from other providers of online learning—and it's paying off for our customers," said Robert A. Frist, Jr., chief executive officer, HealthStream. "We look forward to launching the HealthStream Learning Center and Competency Compass with the Bon Secours Health System in the next several weeks."

About HealthStream

HealthStream (NASDAQ: HSTM) is a leading provider of learning solutions for the healthcare industry. Approximately 997,000 contracted healthcare professionals have selected the Internet-based HealthStream Learning Center[™], HealthStream's learning platform. The Company's learning products and services are used by healthcare organizations to meet the full range of their training needs, while, concurrently, supporting business objectives. Once subscribed to the HealthStream Learning Center[™], customers benefit from increased compliance, reduced risks, and improved learning effectiveness. In addition, HealthStream has pioneered a new collaboration with pharmaceutical and medical device companies to assist them in product launch and market education initiatives within the Company's nationwide network of hospital customers. Nine of the top ten medical device companies and eight of the top ten pharmaceutical companies are among the organizations in HealthStream's growing customer base. (www.healthstream.com)

This press release includes certain forward-looking statements (statements other than solely with respect to historical fact), including statements regarding expectations for the financial performance for 2004 that involve risks and uncertainties regarding HealthStream. These statements are based upon management's beliefs, as well as assumptions made by and data currently available to management. This information has been, or in the future may be, included in reliance on the "safe

harbor” provisions of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that such results or events predicted in these statements may differ materially from actual future events or results. The Company’s preliminary financial results, while presented with numerical specificity, are forward-looking statements which are based on a variety of assumptions regarding the Company’s operating performance that may not be realized, and which are subject to significant uncertainties and potential contingencies associated with the Company’s year-end financial and accounting procedures and other matters referenced from time to time in the Company’s filings with the Securities and Exchange Commission. Consequently, such forward-looking information should not be regarded as a representation or warranty by the Company that such projections will be realized. Many of the factors that will determine the Company’s future results are beyond the ability of the Company to control or predict. Readers should not place undue reliance on forward-looking statements, which reflect management’s views only as of the date hereof. The Company undertakes no obligation to update or revise any such forward-looking statements.